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FOR IMMEDIATE RELEASE

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JULIE KELEHER, SECRETARY OF EDUCATION STONEWALLS REQUEST TO PROVIDE DOCUMENTS USED TO REFUSE PAYMENT TO ETHICS INSTITUTE FOR !DESARROLLANDO CARÁCTER! PROGRAM
Institute has received no payment for more than \$8 million services rendered since February, 2018

Los Angeles, CA.

Department of Education accused of cheating a nonprofit organization it commissioned to teach ethics to Puerto Rico's children.

In a series of letters (attached) from the nonprofit Joseph & Edna Josephson Institute of Ethics to Secretary of Education Julie Keleher, Michael Josephson, has demanded:

- At least partial payment for the undisputed amount of for services rendered.
- That the Secretary and various Department of Education staffers be interviewed under oath concerning excuses to withhold payments.
- That a key DE employee, Yanin Dieppa be disqualified for improper conduct and conflict of interests.
- That the Secretary of Education justify her refusal to provide JI and the public with an audit report issued in October concerning the formation of the \$16.9 million !Desarrollando Carácter! contract.
- That the Secretary of Education disputes the charge that she falsely characterized the content of a secret October audit report concerning alleged irregularities in the formation of the !Desarrollando Carácter! Contract.
- That the Secretary disputes the charge that the DE deliberately misled the Federal Dept of Education Inspector General to cover-up DE delay and misconduct re; the !Desarrollando Carácter! contract.

In a March 1, 2019 letter to Secretary Julia Keleher, the Institute's 76-year-old President and founder protested a pattern of non-responsiveness and false excuses to justify withholding payment for more than \$8 million of services rendered as part of the !Desarrollando Carácter! program commissioned by the Secretary of Education.

The letter also asserts that DE's legal counsel sought to intimidate JI from filing a lawsuit claiming that "if we [JI] files suit, the federal funds allocated to our contract will be unavailable" and "the full liability will shift to

the Commonwealth.” He added. “In view of shrinking federal dollars and major budget challenges for the DE, this can’t be in the best interest of the people of Puerto Rico.” Under the contract, JI is entitled to payment for all services rendered even if federal funds are not available.

The letter details the nature of the dispute:

“The following table reveals the amount due JI under the contract, the amount offered JI in June and the amount proposed by DE in October. DE has placed huge pressure on JI to accept less than the contract price due to attempts by Ms. Dieppa to alter the contract (though the contract explicitly states it must be enforced as written unless a written amendment had been agreed to by both parties). To coerce acceptance of less than the contract amount, DE has withheld all payments even though they acknowledge at least \$5,846,880 is duly owed.

	Amount owed under contract			Amount proposed by DE in June			Proposed by DE in October		
	Units	Price	Total	Units	Price	Total	Units	Price	Total
Champion training		\$900	\$6,449,400	7,166	\$510	\$3,654,660	7,166	\$510	\$3,654,660
On-site support hours	9,374	\$180	\$1,687,320	9,374	\$180	\$1,687,320	9,374	\$180	\$1,687,320
Parent trainings	459	\$1,100	\$504,900	459	\$1,100	\$504,900	459	\$1,100	\$504,900
Resources delivered									\$905,100
TOTAL			\$8,641,620			\$5,846,880			\$6,751,980

As to claims of irregularities in the formation of the contract, Mr. Josephson stressed that he was told by DE’s legal counsel that multiple investigations completely exonerated JI, that no impropriety of any kind attributable to JI was found. He stated, “if there were any irregularities in the formation of the contract, they are attributable to conduct of DE employees, not JI. After all, you [Secretary Keleher] were intimately involved with the inception and formation of the contract and you personally signed after it was thoroughly reviewed and approved by Jose A. Lizascain Santiago, DE’s legal counsel and Felix Aviles Medina, Undersecretary of Education.”

Secretary Keleher claimed that she referred the matter to the Federal Inspector General. In his February 17, 2019 letter Mr. Josephson said, “We object to your decision to ask for still another investigation to justify further indefinite delay of your obligation to release allocated federal funds for services we rendered between January and May 2018. We do not oppose investigation. In fact, we called for a comprehensive investigation in an August 2018 letter to the Puerto Rico Inspector General and we think it should include interviews or depositions under oath. What we oppose is further delay based on continuing smokescreens seemingly designed to conceal unethical and unlawful conduct at the DE.” He added this challenge: “We will also ask the auditors to interview or depose me under oath. Are you, Yanin Dieppa and Eric Huertas also willing to be interviewed under oath? “

Finally, Mr. Josephson declared, “I am willing to come to San Juan at our earliest mutual convenience to meet with you to find a way to resolve this matter.”

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